

DRAFT



**PUBLIC EXPENDITURE MANAGEMENT
COUNTRY ASSESSMENT AND ACTION PLAN
(AAP)
TANZANIA**

**PREPARED BY THE STAFF OF THE IMF IN COLLABORATION WITH
WORLD BANK STAFF AND THE TANZANIAN AUTHORITIES¹**

July , 2004

¹ The HIPC AAP mission took place between July 14-21, 2004 and comprised Pokar Khemani (head, IMF), Duncan Last (AFRITAC East, IMF), Alexander Pivovarsky (Fiscal Affairs Department, IMF), Philip Mpango (World Bank), Mercy Sabai (World Bank), Pascal S.A. Tegwa (World Bank), and Nataly Sabharwal (Fiscal Affairs Department, IMF).

LIST OF ABBREVIATIONS

AAP	Assessment and Action Plan
ACGEN	Accountant General
C&AG	Controller and Auditor General
CCS	Commitment Control System
COFOG	Classification of Function of Government
CPAR	Country Procurement Assessment Report
CTB	Central Tender Board
GFS	Government Finance Statistics
HIPC	Heavily-Indebted Poor Country
IDA	International Development Association
IFMS	Integrated Financial Management System
LPO	Local Purchase Order
MDAs	Ministries, Departments, and Agencies
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NAO	National Audit Office
PEM	Public Expenditure Management
PFA	Public Finance Act
PFMRP	Public Financial Management Reform Program
PMG	Paymaster General
PORALG	President Office, Regional Administration, and Local Governments
PPAA	Public Procurement Appeals Authority
PRBS	Poverty Reduction Budget Support
PRSP	Poverty Reduction Strategy Paper
RAS	Regional Administration Secretariat
TAU	Technical Audit Unit

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	4
II. COVERAGE	6
III. BUDGET FORMULATION	11
IV. BUDGET EXECUTION	22
V. BUDGET REPORTING	27
VI. PROCUREMENT	32
VII. RECOMMENDED ACTION PLAN FOR IMPROVING PUBLIC EXPENDITURE MANAGEMENT	35

List of Tables

Table 1:Public Expenditure Management AAP Indicators in Tanzania.....	10
Table 2:Consolidated Budgets Estimates and Actual Expenditures for Recurrent and Development Budget (billions of TZS).....	15
Table 3: Summary of Quarterly Reports on Utility Payments for Financial Year 2003-2004.....	23
Table 4: Submission Dates for Annual Audit Report to Parliament	30
Table 5: Overview of Technical and Donor Assistance in Public Expenditure Management in Tanzania	36
Table 6: Implementation Status of 2001 Actions to Strengthen Tracking of Poverty-Reducing Public Spending: Tanzania	37
Table 7: Summary Action Plan to upgrade PEM capacity in Tanzania	38

Annexes

Annex A: Recurrent Budget Estimates and Actual Expenditure by Vote (billions of TZS)...	40
Development Budget Estimates and Actual Expenditure by Vote (billions of TZS)...	41
Annex B: Priority Items Recurrent Expenditure Actuals, July- December 2003 (millions of TZS).....	42

Boxes

Box 1: Expenditure Management at local government level.....	8
--	---

I. EXECUTIVE SUMMARY

Introduction

In 2001, the staff of the World Bank and the Fund carried out a comprehensive assessment of the public expenditure management (PEM) system in Tanzania². The objective was to assess the capacity of the PEM system to track poverty reducing spending in the context of the Enhanced HIPC Initiative. This assessment was directed by the Executive Boards of the IMF and the World Bank, and called for tracking all poverty-reducing spending, and not merely that financed from debt relief. Tanzania has defined poverty-reducing spending in its Poverty Reduction Strategy Paper (PRSP) issued in October 2000.

The 2001 assessment concluded that Tanzania was performing reasonably well in tracking poverty-reducing spending. The assessment was based on 15 benchmarks covering budget formulation, execution and reporting. The assessment concluded that Tanzania met eight benchmarks – 3 covering budget formulation, 3 budget execution, and 2 budget reporting³. It was viewed as requiring some “upgrading” of its PEM system. Accordingly, an action plan was agreed upon with the authorities to address the key areas of weaknesses.

The assessment and action plan (AAP), which was presented to the Board in 2002¹, laid out 16 actions for Tanzania which were to be implemented in the short and medium-term. Six of the actions were in the area of budget formulation, three in budget execution, and seven in budget reporting. There was a need to apply a more detailed GFS-based classification to the recurrent and development budget. Donor funds were not being adequately reported, which in turn made it hard to track and report on most poverty reducing expenditure. The medium-term expenditure framework (MTEF) needed to be strengthened to include two-year projections in the 2003-04 budget. In the area of budget execution, it was recommended that accounting officers report on arrears to the ACGEN. Both internal and external audit required strengthening. The audit of public accounts and submission of the audit report to the National Assembly needed to be more timely.

Following the 2001 assessment, Tanzania began implementing agreed PEM reforms included in the AAP. The staff review in March 2003 showed that Tanzania had implemented or initiated implementation of most of the measures included in the action plan.⁴ These included applying detailed GFS-based economic classification for recurrent and

² Tanzania: Tracking Poverty-Reducing Spending: Country Assessment and Action Plan, December 2001

³ Table 1 summarizes Tanzania’s performance against the 15 benchmarks in 2001.

⁴ “Update on Implementation of Action Plans to Strengthen Capacity of HIPCs to Track Poverty-Reducing Public Spending” SM/03/90, March 11, 2003. See also “United Republic of Tanzania Public Expenditure Review FY03”.

development budgets; identifying poverty-related expenditure in budget estimates covering seven priority areas included in the PRSP; strengthening the MTEF process, and deepening the implementation of IFMS including the commitment control system.

The Executive Boards of the World Bank and the IMF have requested another comprehensive assessment to determine the progress made in the HIPC countries' PEM systems since 2001. The second assessment process has been strengthened by a self review of the PEM system by the authorities at the start of the process, inclusion of a new benchmark on the procurement process and the enhancement of the assessment guidelines.

The second comprehensive assessment has been prepared by an IMF-led mission with the support of the World Bank staff, and in collaboration with the Tanzanian authorities.⁵ The mission is grateful to the authorities for their excellent cooperation and assistance in preparing this assessment, in particular Mr. Gray Mgonja, Senior Permanent Secretary (MOF); Mr.P.M Lyimo, Permanent Secretary (MOF); Ms Blandina Nyoni, Accountant General; Mr. Mugisha Kamugisha, Commissioner for Policy Analysis (MOF); Mr. N.B.S. Magambo, Commissioner for Budget (MOF); and Mr. Frak Mhilu, Deputy Auditor General (NAO). The mission benefited from its discussions with the senior officials of the Ministries of Education and Health on the PEM system. The mission also visited the Ilala municipal council in Dar es Salaam and the Coastal region's sub-treasury and Regional Administration in Kibaha.

Meetings were held with donor representatives including EC, Japan, the Netherlands, Switzerland, and World Bank staff to input donor views and coordinate technical assistance. The mission received substantial support from Mr Ali Abdi, IMF Resident Representative, and his staff. The mission draft is preliminary and subject to review at the Bank and the IMF's headquarters.

Mission's Assessment

Over the last three years, the Tanzanian government has made significant progress in the PEM reform process. The budget process has improved considerably by integrating the MTEF process in the budget preparation, developing the MTEF classification and including it in the chart of accounts for monitoring the performance, applying the GFS based economic classification to the entire recurrent and development budgets and producing the detailed MTEF costing tables over three years for all MDAs. The MOF has also refined its definition of poverty-reducing expenditures by preparing a table indicating votes, sub-votes, and economic classification items in recurrent and development budgets covering the seven priority areas in the PRSP.

⁵ Similarly to the first assessment and in line with the current PRGF program, this assessment is limited to Tanzania Mainland.

Significant improvements have been made to the budget execution, and reporting systems by: (i) controlling the accumulation of new arrears by enforcing a commitment control system (CCS), (ii) developing the internal audit function in a systematic manner, (iii) consolidating and extending the application of IFMS to all MDAs and sub-treasuries, (iv) strengthening the fiscal reporting system, and (v) enhancing accountability and transparency.

Tanzania has improved its score and now meets 11 of the 16 benchmarks. The present assessment shows significant improvement in budget formulation, as reflected by meeting two additional benchmarks, namely on the budget classification and definition of the poverty-reducing expenditures. In budget execution it met an additional benchmark with compilation of in-year budget reports with a more precise identification of poverty reducing spending. The new indicator on the procurement system does not meet the benchmark due to weak enforcement and limited accountability in the current system.

The latest assessment revealed a few areas where progress is yet to be made. The coverage of fiscal reports continues to be limited to the central government. Fiscal reporting needs to cover the GFS definition of the general government sector, i.e., including both central, and local governments, as well as all government operations whether or not they are funded through the budget. External audit has not been sufficiently strengthened and delays in the submission of external audit reports still persist. The ongoing work on internal audit needs to be continued to make it effective.

The reform process in the PEM area faces major challenges due to limited staff capacity and an ambitious reform agenda, as outlined in the PFMRP. In particular, addressing the PEM staff skills and capacity gaps at the local government level are of critical importance. The increasing devolution of expenditure assignments to local governments in Tanzania poses serious challenges in tracking the poverty-reducing spending and overall efficiency in the utilization of resources.

II. COVERAGE

The local government's role in Tanzania has been made increasingly more significant since the adoption of the Local Government Reform Agenda in 1996. This agenda envisages the devolution of power at the political, fiscal, and administrative level. In April 2000, new Regulations under the Local Government Finances Act (1982) were issued, covering principles governing block grants; the roles and functions of local government authorities, as well as the responsibilities of the Minister, sector ministries and regional secretariats; plans and budgets of districts; disbursement and payment procedures; and monitoring and reporting requirements.

Under the fiscal decentralization reform program, major changes are being made in the way recurrent and development funds are allocated to local government authorities with a view to ensuring that future funding allocations are made on an equitable and transparent on basis, while at the same time encouraging improved accountability for the funds received

from the centre. Starting in 2004/05, grants to the district councils are based on a new formula that has been applied in the allocation of recurrent expenditure for the health and education sectors at the district level, and for all sectors at the district level in the development budget.

In the proposed 2004/05 budget around 45 percent of the recurrent expenditures and about 4 percent of the development expenditures in the seven priority sectors are transferred to local authorities as grants.⁶ However, about 73 percent of the recurrent expenditure grants are for personal emoluments, which are centrally managed by the Department of Establishments and the ACGEN. In addition, a part of the residual grants for “other charges” is managed centrally by the respective sector ministries. For example, the Ministry of Health procures drugs for supply to local governments. Some constraints are also imposed on the execution of the remaining “other charges.” For example, the Ministry of Education establishes a shortlist of book traders where local authorities are authorized to procure textbooks for the schools. Similarly the purchase of drugs for the regional hospitals and health centers is organized centrally by the Ministry of Health. Accordingly, the central expenditure management systems are being utilized for a substantial part of the total resources transferred to the local governments.

As noted in the 2001 AAP, the magnitude of grant transfers to local governments per se overstates the difficulty in tracking poverty-reducing expenditure at the local level. This has been confirmed in the discussions held with the municipal director of the Ilala municipality of Dar es Salaam. Accordingly, this assessment focuses on reviewing the PEM system at the central government level. However this assessment has benefited from the mission’s visit and discussions with the officials of the Ilala Municipal Council in Dar and the Coastal region’s sub-treasury in Kibaha. The information collected on PEM system at the level of local governments including problems therein is included in the report.

An brief overview of the expenditure management is provided below in Box 1.

⁶ These proportions declined since the 2001 AAP. At that time, about 70 percent of the recurrent budget and 17 percent of development budget for the seven priority sectors was transferred to the local authorities.

Box 1. Expenditure Management at local government level⁷

Local governments are involved in over 20% of recurrent spending. Under a system of mostly tied grants, local governments play an important role in priority sector spending, specifically primary education, primary health care, water resource management, and extension services to agriculture. The legal framework for this was initiated in the late 1980's and further strengthened in the late 1990's. Recognizing that, under the current system, discretionary powers of local governments are very limited, the authorities have embarked on a gradual move towards block grants, starting with the 2003/04 budget. At present, local governments are more directly involved in planning the spending in primary education, although once established in the annual budget, the scope for variation is still limited and the funds are effectively channeled directly to the spending level, e.g. 12,000 primary schools. In addition to tied grants, local governments receive a small block grant as central government contribution to their administrative running costs, which supplements their own revenues. This block grant was increased in 2004, after the central government abolished a number of 'nuisance' taxes collected by local governments.

There is only one level of local government. This consists of 114 municipal and rural local authorities. Below this level, two further sub levels exist, namely "wards" and "villages", which receive funds from the local **(continued from page 8)**

authorities. The central government maintains 20 regional administrations, headed by a regional commissioner appointed by the President, as well as small district operations headed by district commissioners. Each region is responsible for a number of districts, and performs a coordination role, on behalf of the central government, with the local authorities in these districts. Local authorities are responsible for collecting their own revenues, which, after the abolition of 'nuisance' taxes, consist mainly of property taxes, communal service fees (in the case of municipal councils), and other smaller taxes imposed on business activities.

Budget Planning. This year (2004/05) local authorities, with the assistance of the central government, have begun to use the MTEF planning framework for the development of their budgets. These budgets are adopted by the local authority councils, and then forwarded to the regional administration for comment. Regional administrations may require changes to be made to local authority budgets if these are not in line with national priorities. The experience with MTEF at the local government level is new, and still in the early stages of development. In addition, the new GFS based economic classification developed for central government has been rolled out to local authorities. The 2004/05 local government budgets have been prepared using this new classification. Finally, the fiscal year for local governments has also been harmonized for the first time this year with that of the central government, namely July to June. This was done through the adoption of supplementary budgets for 2003/04 in each local authority to cover the extended period to the end of June 2004.

Budget Execution. Data from local governments remains incomplete, rendering a consolidated assessment of local governments spending difficult to determine in a comprehensive manner. However, since the bulk of local spending is executed from tied grants, a close approximation is routinely possible. With regards to the tied grants, local authorities submit their detailed spending needs to central government, which either executes the payments on their behalf (in the case of salaries) or transfers funds through the local authorities directly to the beneficiary spending units (schools, clinics, etc...). A significant portion of non-wage social sector spending through local authorities is donor funded through basket funding agreements (such as PEDP for primary education). Reporting on use of these funds is strictly monitored by the central government to ensure that they reach their intended targets.

⁷ This box is based on the Public Expenditure Reviews of 2003 and 2004, the study on Developing a System of Intergovernmental Grants for Tanzania, completed in 2003, and information obtained from the President's Office for Regional Administration and Local Government, as well as the Ministry of Finance and the Accountant General.

Accounting and Reporting. Monthly accounts are prepared by local authorities for their own councils. Quarterly reports are also required by law to be submitted to the central government. The President's Office for Regional Administration and Local Government (PORALG) is responsible for collecting and consolidating these reports, though so far it is yet to produce a completed set. An adapted version of the central government IFMS has also been made available to local authorities, with 32 of them having received the necessary support to implement the system so far. This year, an additional 30 local authorities are expected to be trained and equipped with the IFMS. Once the IFMS is fully rolled out, improvements in fiscal reporting are expected to be realized. Annual accounts of local authorities are prepared for submission to their respective councils. Some of these, however, are prepared with a considerable lag.

Independent Audit. The National Audit Office is responsible for undertaking the external audit of local authorities, although again with a significant lag.

**Table 1:
Public Expenditure Management AAP Indicators in Tanzania**

		ASSESSMENT		
		Standard Benchmark	2001 Assessment	2004 Assessment
FORMULATION				
COMPREHENSIVENESS				
1	Fiscal reporting adequately covers the Government Finance Statistics definition of the general government sector	A	B	B
2	Government activities are not funded through inadequately reported extrabudgetary sources to a significant degree	A	A	A
3	Budget outturn data are quite close to the original budget	B	B	B
4	Fiscal reports include grants projected to be provided by donors	A	B	B
CLASSIFICATION				
5	Budget expenditures are classified on an administrative, economic, and detailed functional or programmatic basis	B	C	B
6	Poverty-reducing expenditures are clearly defined	A	B	A
PROJECTION				
7	Multi-year expenditure projections are integrated into the budget formulation process	A	A	A
EXECUTION				
INTERNAL CONTROL				
8	There exists a small stock of expenditure arrears, with little accumulation of arrears over the previous year	A	A	A
9	Internal control is effective	A	B	B
10	Tracking surveys are in use, or are unnecessary	B	B	B
RECONCILIATION				
11	Satisfactory reconciliation of fiscal and banking records is undertaken routinely	A	A	A
REPORTING				
IN-YEAR REPORTING				
12	Internal fiscal reports are received within four weeks of the end of the relevant period	B	B	B
13	Fiscal reports present spending on a functional basis	A	B	A
FINAL AUDITED ACCOUNTS				
14	Routine transactions are entered into the main accounting system(s) within two months of the end of the fiscal year	A	A	A
15	An audited record of the financial outturn is presented to the legislature within twelve months of the end of the fiscal year	B	C	C
NEW				
PROCUREMENT				
16	The procurement system supports efficiency and effectiveness in the expenditure of public funds through clear and enforceable rules that promote competition, transparency and value for money.	A		B
TOTAL NUMBER OF BENCHMARKS MET			8	11
Notes: Please shade cells in cases where the assessed indicator meets or exceeds the standard benchmark level				

III. BUDGET FORMULATION

Indicator 1 ~ Coverage of the budget or fiscal reporting entity

Question: *How well does the coverage of fiscal information match the Government Finance Statistics (GFS) definition of the general government sector?*

Benchmark: (A) – *Very close fit. Fiscal reporting covers the GFS definition of the general government sector, i.e., including central, regional, and local governments, and all government operations, whether funded through the budget or not.*

Assessment: (B) – *Quite close fit. Fiscal information does not include revenues of semi-autonomous agencies and local authorities, or the actual expenditures from these general government units. The benchmark is not met.*

Fiscal information produced by the MOF only covers expenditures of the central government budget. The reports include only transfers to semi-autonomous agencies, special funds (e.g., Road Fund) and local authorities. Central government fiscal data, which includes public debt transactions and other treasury operations, is comprehensive and timely, and published quarterly. Data is readily available through the central government IFMS, to which all MDAs, including regional treasuries, are connected.

Semi-autonomous agencies of the central government are funded to varying degrees from the central government budget through transfers. The transfers are included in the budget of the parent line ministry. Each agency is governed by a supervisory board, with the representative of the parent ministry, to which it submits its budget and annual accounts, covering both budgetary transfers and own revenues. The parent ministry then reports its operations to the Parliament. These budgets and accounts are however not systematically exploited by the MOF for inclusion in general government fiscal reports. At present there is no obligation for these agencies to report during the year.

Extra-budgetary funds, such as the Road Fund, receive their earmarked revenues through the budget, as automatic transfers once the revenues have been collected. Their operations, like semi-autonomous agencies, are overseen by the parent ministry, which sits on the board. Expenditures from these funds are also not systematically exploited by the MOF for inclusion in general government fiscal tables.

Local authorities receive grants from the central government budget. They supplement their budgets to a relatively small degree with their own revenue collections. Reporting from local authorities remains weak, despite recent efforts to collect quarterly fiscal information through the President's Office for Regional Administration and Local Government. The last attempt to compile local government fiscal data was incomplete with one third of local authorities failing to submit returns. The bulk of central government grants to local authorities are tied to specific

sectors, with reporting required for grants to be disbursed. The fiscal decentralization strategy that is currently underway will gradually move towards formula based untied block grants, although the transition period will be at least 5 years or more.

Under the Local Government Reform Program, computerization of local authorities is moving ahead. So far 28 out of 114 have already been computerized, and 42 more are expected in 2004/05 subject to availability of external funds. Complete coverage, however, is not expected to be completed for at least 2 to 3 years, depending on the availability of funds. The local authority computerization is a modified version of the central government IFMS, which will simplify consolidation of central and local government accounts, once coverage is completed. In addition, local authority fiscal years have been harmonized this year with the central government's fiscal year (July/June), and the GFS based classification used by central government has also been rolled out to local authorities, which will further simplify consolidation.

In brief, the coverage in fiscal reports remains essentially limited to the central government, and therefore, *the benchmark is not met.*

Action Plan

Short-term measures

- Strengthen the quarterly in-year reporting from local authorities and ensure that these reports are copied to the MOF in a timely manner to be included in general government fiscal reports.
- Develop and implement regulations for fiscal reporting from semi-autonomous agencies and extra-budgetary funds, for their budgets, in-year quarterly financial reports, and annual accounts, using the government's GFS based classifications. These reports should be collected and consolidated in the MOF, and included in general government fiscal reports.

Medium-term measures

- To strengthen the process of decentralization, review the roles and responsibilities in the central government with a view to strengthening the MOF capacity in this area.
- Prepare and publish quarterly consolidated general government fiscal reports.
- Expedite capacity building of the local government, including completion of the computerization of local governments.

Indicator 2 ~ Degree of spending being funded by inadequately reported extra budgetary sources.

Question: *To what degree are general government activities funded through inadequately reported extra budgetary sources?*

Benchmark (A) - *Not significant. Government activities are not funded through inadequately reported extra budgetary sources to a significant degree (3 percent or less of total spending).*

Assessment: (A) – *Although some government activities are executed by the semi-autonomous agencies and special funds, these are adequately reported to their parent ministries. **This benchmark is therefore met.***

All non-tax revenues and fees collected by central ministries and departments are directly deposited into the Exchequer Account at the central bank and later released to MDAs based on an agreed retention formula.

Semi-autonomous agencies supplement, to varying degrees, the transfers received from the central government budget with their own revenues, mainly user fees charged to cover a part of the public service that they render. Each such agency reports its budget and annual accounts, including own revenues, to its parent ministry, which presents them to Parliament. However, this information is not systematically used by the MOF for consolidation.

The Road Fund's revenues are adequately reported. Ear-marked fuel levy taxes are first paid into the consolidated fund and then transferred to the Road Fund. However, the actual expenditures of the Road Fund, which consists of transfers to TANROADS for road maintenance operations, are reported to their board and the parent line ministry, which also presents the reports to Parliament.

Other central government funds, which receive revenues from a variety of sources including the budget, are the Civil Service Pension Fund, the Parastatal Pension Fund, and the Education Fund. The two pension funds are fully government owned and funded from *compulsory* deductions related to wage bills (employee and employer contributions), and are fully guaranteed by the central government (hence a potential liability in the case where collections are insufficient to meet obligations). These funds report their budgets and accounts to their boards, and, through their parent ministries, to Parliament.

The mission is of the view than own revenues collected by the semi-autonomous agencies do not appear to be significant. According to the authorities the revenues and expenditures of these agencies are reported to the Ministry of Finance and relevant ministries. The overall value of own revenues is deemed to be less than three percent of the total expenditure as most of these agencies are small in size and very much dependent on the government financing. The mission recommended (in Indicator 1) that all revenues and expenditures by the semi-autonomous agencies need to be included in the consolidated fiscal reports.

The mission concludes that this benchmark is met.

Action Plan

The actions recommended under indicator 1 will, if implemented, ensure that the extra-budgetary operations mentioned above are adequately reported. In addition, the following recommendation is made:

Short-term measures

- Include summary budget estimates of semi-autonomous agencies and extra-budgetary funds as annexes to the annual budget, to ensure that Parliament is made fully aware of the context in which annual budgetary transfers are made to these bodies.

Indicator 3 ~ Reliability of budget as a guide to future.

Question: *How would you describe the level and composition of the budget outturn at an administrative or functional level relative to the original budget's appropriations?*

Benchmark: (B) – Quite close. Budget outturn data are quite close to the original budget.

Assessment: (B): Quite close. The benchmark is met.

Assessment under this indicator requires comparing budget outturn data with the original budget allocations at aggregated and disaggregated levels. In Tanzania, there are two forms of budget outturn data – *core* data based on the integrated financial management system (IFMS), and *augmented* data which includes additional data on foreign financed projects from the External Finance Database (EFD) to make budget monitoring more comprehensive. The augmented outturn data is used by the policy makers for budget projections of foreign project financing and assessing the availability of financing for achieving the fiscal policy objectives as well as for making medium-term budgetary projections. Over the past several years, the IFMS-based data on the central government operations has been routinely augmented with the EFD outturn data for the IMF program monitoring purposes.

Assessment on this indicator is based on the more comprehensive, *augmented* data. As this indicator is concerned with the substance of budget outturn, rather than the format of budget reporting, it has been decided by the mission team to use the augmented data as the principal data in support of the assessment on this indicator. Further, it is noted that it is the authorities' intention to enhance the recording of foreign financed projects captured by the IFMS, thereby desirably increasing the comprehensiveness of the core data as well. Greater cooperation of the donors is required to reach this goal (see Indicator 4).

Augmented data (Table 2) reveals that the average deviation of the overall expenditures from the budget was seven percent over the past three years. This is consistent with an

assessment of 'B' on this indicator. In 2000-01, the overall budget was over executed by 12 percent, in 2001-02, it was under-executed by 3 percent and in 2002-03, it was under-executed by 6 percent. When foreign financed projects are excluded and IFMS data are used, the outturn is similarly sound, with an average deviation excluding these projects of only 3.33 percent over the period. Detailed vote-by-vote core data for the recurrent and development expenditures is presented in Appendix A.⁸

Table 2: Consolidated Budgets Estimates and Actual Expenditures for Recurrent and Development Budget (billions of TZS)

SUMMARY				Average deviation 2000-2003
	2000-2001	2001-2002	2002-2003	
III. Total Budget expenditure				
<i>Core (IFMS-based)</i>				
Budget	1177.12	1564.60	2127.11	
Outturn	983.52	1370.42	1726.76	
Deviation (%) ¹	-16.45	-12.41	-18.82	15.89
<i>Augmented</i>				
Budget	1177.12	1564.60	2127.11	
Outturn	1314.83	1521.87	1989.54	
Deviation (%) ¹	11.70	-2.73	-6.47	6.97

¹ Average of the absolute value of the percent deviation of outturn from budget
Source: Integrated Financial Management System (IFMS) and External Finance Database (EFD)

While allowed by the legislation, supplementary budgets are used in exceptional circumstances. In 2003/04, the parliament approved the first supplementary budget in 3 years. The supplementary budget was required due to emergency funding needs in several sectors (particularly in Agriculture and Energy), primarily related to the drought.

Poverty-reducing expenditures are fully funded on the priority basis. Under the current cash budgeting practice, priority sectors are fully funded through quarterly releases, while non-priority sectors are subject to monthly releases, which are only fully funded when resources permit. With the introduction in the 2003/04 budget of the tracking of the poverty reducing expenditures on the item level, the authorities further strengthened the ring-fencing of priority items within the priority sectors.

Recent changes in budget support practices have reduced uncertainty and volatility in the funding of non-priority sectors. In the previous years, delays in program support disbursements affected non-priority sectors, whose spending was constrained below budgeted levels through the cash budgeting system. Recent agreements with a number of donors resulted in the front-loading of budget support, which in turn relaxed the cash constraints, thus making availability of funds more predictable for all sectors.

In summary, while core data show reported deviations, this is overwhelmingly due to incomplete recording of donor's financed development expenditure in IFMS. This factor does not affect the reliability of the budget outturn data as a guide for framing the multi-year budget

⁸ The EFD data is collected by project and is not available in the format fully consistent with the IFMS.

projections, which are primarily based on the augmented EFD data. Accordingly, the mission is of the view that *the benchmark for this indicator is met.*

Indicator 4 ~ Inclusion of donor funds

Question: Are donor funds included in central, state and local governments' budget(s) and/or fiscal reports?

Benchmark: (A) - All. Requires full ex ante and timely ex post reporting of all donor-funded activities.

Assessment: (B): The recording of ex-post information on donor financing remains incomplete. This benchmark is not met.

External grants and loans received as budget support (including basket funding) is fully accounted for both *ex ante* and *ex post*. The estimates of inflows are integrated in the expenditure ceilings of the Annual Budget and Medium-Term Expenditure Framework (MTEF). In response to the authorities' strong request to channel support through the exchequer system, some donors have converted a significant share of their annual funding to either untied budget support or basket funds established for sector-specific activities. In 2004/05, program grants and loans (including basket funds) are expected to account for 56 percent of the total assistance (excluding HIPC relief), compared to 39 percent in 2000/01. Consequently, reporting on donor funded activities has significantly improved during the period.

Estimates of project funds are included *ex ante* in the budget documents and throughout the budget process. The data is collected from donors and verified with MDAs by the MOF's External Finance Department (MED), which applies discount factors to some projected project expenditures, based on the past trends in the donors' disbursements.

However, difficulties continue to persist in accounting for foreign financed components of project spending mainly due to inadequate reporting by donors. In many cases, donors continue to disburse funds directly from the project accounts under their control. In the past three years, however, the ACGEN has made significant efforts to facilitate the capture of donor funded projects in the IFMS.⁹ As a result, there are no current difficulties in recording projects that use the Exchequer issues, or for projects that provide reports in the format required by the ACGEN. However, despite these efforts on the part of the ACGEN, the bulk of donor financed projects remain outside the IFMS with only 25 percent of project expenditures reported to the ACGEN in 2002/03.

⁹ In the past two years, the Accountant General has issued circulars outlining the reporting procedures and offered training to the accounting officers of relevant MDAs as well as donor organizations.

This benchmark is not met.

Action Plan

Short-term measures

- Include the requirement to report project expenditures using the standard expenditure reporting forms in all new donor funded project agreements and memoranda of understanding.
- Evaluate alternative arrangements for capturing spending of donor funded components of projects, such as the OECD/WB/UNDP “aid management platform” approach.

Indicator 5 ~ Classification

Question: *What types of classification apply to the budget and budget expenditures?*

Benchmark: (B). *Budget expenditures are classified on an administrative, economic, and detailed functional or programmatic basis.*

Assessment (B) – *Although the authorities are yet to activate the routine use of functional classification, the efforts made in introducing a detailed MTEF classification provides a clear output-oriented (programmatic) classification for effective control and management of the budget. In addition, the authorities have developed GFS-based economic classifications for central and local governments. **This benchmark is met.***

Since the 2001 assessment the government has introduced GFS-based economic classifications for the central government budget. In 2004 it was also rolled out to the local authorities, for implementation in their 2004/05 budgets. Under pressure from their line ministries, many semi-autonomous agencies have also adopted the new classifications. The classifications are now fully supported in the central government’s IFMS.

Significant work, supported by FAD, was undertaken in 2002 to map government activities to COFOG functional classification. This work, however, remains to be completed, and the government has yet to produce regular fiscal reports on a functional basis.

In recent years, the authorities have put extensive effort into the development of detailed MTEF classifications for all MDAs. The MTEF classifications are detailed and identify objectives, targets and activities. These classifications (known as segment II) are integrated in the IFMS, allowing the government to report fully along MTEF lines. Although the official budget documents presented to Parliament by MOF remain at a fairly aggregated level (vote, or MDA, and sub-vote, main spending area), these are accompanied by full MTEF format presentation for each MDA, which are extensively used during the Parliamentary debates.

In brief, the adoption of functional classification would significantly enhance the GOT's capacity to report and analyze its budgetary resource allocations. In the meantime, the quality of implementation of the MTEF approach in Tanzania provides the authorities with a powerful tool capable of identifying outputs expected from government budgetary interventions.

The mission has assessed that *this benchmark is met.*

Action Plan

Short-term measures

- Complete, and ensure adequate arrangements for maintenance of, the mapping of government activities to COFOG functional classification codes, building on the work already undertaken in this area with assistance from FAD.
- Complete the rollout of GFS based economic classifications for reporting by all semi-autonomous agencies and extra-budgetary funds.
- Include reports based on functional classification in the in-year fiscal tables and as a summary in the annual estimates.

Medium-term measures

- The MTEF process needs to be further refined and consolidated to enhance the consistency between the government's policy objectives, including those outlined in the PRSP, and budgetary resource allocations.

Indicator 6 ~ Identification of poverty-reducing spending

Question: What is the principal means for tracking poverty-reducing spending?

Benchmark: (A). Poverty-reducing expenditures are clearly identified and tracking uses existing budgetary or treasury accounting classification system.

Assessment (A): The existing budgetary classification system is used to identify poverty-reducing spending on the vote, sub-vote and item level.

This benchmark is met.

The authorities recently introduced a system of monitoring of priority expenditures, similar to the virtual funds operating in other countries. Before 2003/04, reports on poverty reducing spending included all spending on the seven priority sectors identified in the PRSP. The weakness of such a broad sector wide approach is that the non-priority components in the priority sectors were ring-fenced along with the priority components. Beginning in the first quarter of 2003/04, poverty-reducing expenditures are identified at the item level within the existing budget classification, effectively tightening their ring-fencing in line with the commitments under the Poverty Reduction Strategy (see Annex B for a table identifying the item codes for the priority expenditures and summarizing these expenditures for the first two quarters of FY03/04). Poverty expenditures are reported in the quarterly budget execution reports. These reports are submitted for consideration by the Cabinet and published on the MOF website.

In the future, priority expenditure tracking might be complicated by the move towards block grant funding of local authorities. At present, tracking of poverty-reducing expenditures is facilitated by the fact that most of these expenditures are financed through tied grants to the local authorities. Unless the anticipated move to block grant funding is accompanied by a significant improvement in local authority fiscal reporting, the GOT's ability to effectively track poverty-reducing spending will be significantly affected.

This benchmark is met.

Action Plan

Short-term measures

- Include a summary table on the priority sector expenditures in the budget books.

Medium-term measures

- With the forthcoming PRS exercise, the table on the priority sector expenditures needs to be updated, in consultation with the major stakeholders (including donors).

Indicator 7 ~ Integration of medium-term forecasts.

Question: How would you describe the application of the out-year estimates (medium term) for spending?

Benchmark: (A). Multi-year expenditure projections are integrated into the budget formulation process.

Assessment:(A). Multi-year expenditure projections are well developed and used for the budget formulation process. ***The benchmark is met.***

Since the 2001 assessment, the budget process has been strengthened considerably through the implementation of a Medium Term Expenditure Framework (MTEF). The significant advances in this area include:

- Improving the process of formulating reliable macro-economic projections and medium term expenditure framework with a three year horizon, and enhancing the predictability of available resources for budget planning;
- Enhancing partnership between government and development partners through the PER/MTEF process, including the development of sectoral programs as well as general budget support for the implementation of the PRS, and integrating foreign aid into the budget.
- Developing MTEF and activity costing tables by each MDA reflecting sectoral strategy translated into objectives, targets and activities along with their input requirements. The MTEF classification has been coded and built into Segment 2 of the chart of accounts used by IFMS. This has facilitated the quarterly monitoring of budget execution and the progress made in delivering planned outputs.
- Enhancing consistency between the broad policy statements such as the PRS, translation of these commitments into the MTEF, and integrating MTEF into the annual budgets and actual expenditure.

The local government reform program is also working on developing necessary skills and capacity for improving budget process at the level of local governments. The fiscal year of the local authorities has been aligned with that of the central government starting in July 2005, and the local government budget guidelines are being harmonized with the budget guidelines issued for MDAs. The budget classification and the chart of accounts for the local governments have also been aligned with that of the central government.

While the MTEF process has significantly improved since it was introduced in 1997/98, there are certain areas of concern, in particular:

- Integration of donor assistance in the MTEF is still proving challenging due to its uncertainty, and in some cases government typically only had firm commitments for one year.

- The budget process itself shows little responsiveness to results, the focus is more on delivering inputs as defined in the MTEF rather than measuring outputs. Quite a large number of monitoring systems including surveys and technical audits have been set up with different objectives and information is not adequately channelled to the budget process and policy makers.

This benchmark is met.

Action Plan

Short-term measures

- Ongoing efforts and work need to be continued to achieve better exchange of information on donors' commitments and expected and actual disbursements; and utilization of the exchequer system and IFMS for aid disbursements and accounting by a greater number of donors.
- The MTEF process needs to be consolidated and deepened to further improve the allocation of resources guided by the PRS priorities.

Medium-term measures

- Greater attention needs to be provided to monitor efficiency in the use of resources. For moving forward, it will be important to develop efficiency indicators for selected PRS sectors and activities and monitor performance over time.
- With the new PRS cycle, efforts should be made for better alignment of the MTEF strategy with the new PRS as well as better monitoring of the impact of expenditure allocations on poverty indicators.

IV. BUDGET EXECUTION

Indicator 8 ~ Evidence of budget execution problems – Arrears

Question: *What do you estimate as the level of the stock of expenditure arrears at the end of the last financial year?*

Benchmark (A). *Very few or none. Small stock of expenditure arrears, with little accumulation of arrears over the previous year.*

Assessment: (A): *Small stock of expenditure arrears, little accumulation of new arrears over the past year. **This benchmark is met.***

Payment arrears have been virtually eliminated since the introduction of the Integrated Financial Management System (IFMS) in 2001. A commitment control system (CCS) was introduced in July 2001 under which a local purchase order (LPO) is required for purchasing of goods and services. Under the cash budgeting system, quarterly releases are made to the priority sectors and monthly releases to the other sectors. The LPO's are issued only once the resources are released, thus making it virtually impossible for the arrears to accumulate, with the possible exception of utility services. The wages to civil servants are paid directly from the Treasury.

To limit the accumulation of arrears on the utility services—a significant problem in the past—allocations, earmarked for the utility payments, are blocked from being diverted by MDAs to other uses. In the fiscal year 2002/03, a system of quarterly monitoring the status of payments for the utility services was introduced. The reports summarize the value of the utility bills outstanding by vote at the end of each quarter. However, the reports fail to identify the age of these bills. To verify the information provided by the MDA's accounting officers on the utility bills outstanding, the ACGEN's office solicits information on the status of payments from the utility companies. According to the authorities, minor accumulations of the utility arrears do occur occasionally, when the MDA's allocations for the utility payments are exhausted and reallocations are required before further releases can be made. The necessary reallocations are made within the reasonable period of time to clear the arrears. As summarized in Table 3, the total value of the utility bills outstanding during the first nine months of FY 2003/04 did not exceed 0.8% of the overall domestically-financed allocations for recurrent expenditures.

**Table 3: Summary of Quarterly Reports on Utility Payments for Financial Year 2003-2004
(billions TZS, unless indicated otherwise)**

		TOTAL ESTIMATES 2003/20034 (a)	TOTAL FUND RELEASED JULY- SEPTEMBER 2003 (b)	TOTAL BILLS RECEIVED JULY -SEPTEMBER 2003 (c)	ACTUAL AMOUNT PAID JULY- SEPTEMBER 2003 (d)	BALANCE OF UNPAID BILLS (c-d)
Cumulative for July-September 2003						
MINISTRIES	TELEPHONE	10.91	2.85	2.47	2.17	0.30
	WATER	5.35	2.44	2.32	1.56	0.76
	ELECTRICITY	18.46	4.72	4.81	3.74	1.07
	SUB TOTAL	34.72	10.01	9.59	7.47	2.12
REGIONS	TELEPHONE	0.71	0.21	0.18	0.15	0.03
	WATER	0.29	0.11	0.08	0.06	0.02
	ELECTRICITY	0.61	0.17	0.11	0.10	0.00
	SUB TOTAL	1.61	0.49	0.37	0.32	0.05
TOTAL	36.33	10.50	9.96	7.79	2.17	

Total blance of unpaid bills for the utility services is equivalent to app. 0.6 percent of the cumulative budgetted domestically financed recurrent expenditures.

Cumulative for July-December 2003						
MINISTRIES	TELEPHONE	11.35	5.23	4.77	4.38	0.39
	WATER	5.36	5.02	5.18	4.19	0.99
	ELECTRICITY	20.59	13.02	13.56	12.26	1.30
	SUB TOTAL	37.30	23.28	23.51	20.83	2.68
REGIONS	TELEPHONE	0.72	0.38	0.33	0.32	0.01
	WATER	0.31	0.16	0.14	0.12	0.01
	ELECTRICITY	0.62	0.28	0.21	0.21	0.00
	SUB TOTAL	1.65	0.82	0.67	0.65	0.02
TOTAL	38.95	24.10	24.19	21.48	2.70	

Total blance of unpaid bills for the utility services is equivalent to app. 0.4 percent of the cumulative budgetted domestically financed recurrent expenditures.

Cumulative for July 2003-March 2004						
MINISTRIES	TELEPHONE	11.36	8.17	9.34	7.13	2.22
	WATER	5.39	5.48	8.56	4.61	3.95
	ELECTRICITY	20.59	17.09	19.40	15.96	3.45
	SUB TOTAL	37.34	30.74	37.31	27.70	9.61
REGIONS	TELEPHONE	0.74	0.59	0.53	0.51	0.02
	WATER	0.31	0.24	0.22	0.20	0.02
	ELECTRICITY	0.62	0.42	0.36	0.35	0.01
	SUB TOTAL	1.66	1.25	1.10	1.06	0.04
TOTAL	39.01	31.99	38.41	28.76	9.66	

Total blance of unpaid bills for the utility services is equivalent to app. 0.8 percent of cumulative budgetted domestically financed recurrent expenditures.

Source: ACGEN.

The benchmark is met

Short-term measures

- The quarterly arrears report on utilities could also provide information on bills outstanding for more than 90 days.
- The current process of monitoring the utility arrears needs to be continued and all efforts need to be made to ensure the payment of all bills by due dates.
- It would be useful to reconcile the end-year stock of utility arrears with the utility providers.
- The process of seeking information from the public on the unpaid bills on a quarterly basis need to continue and follow-up action including sanctions should be taken against MDAs responsible for unpaid bills not recorded in IFMS.

Indicator 9 ~ Effectiveness of the internal control system

Question: *How would you describe the internal control system?*

Benchmark: *(A). Internal control system is effective.*

Assessment (B): *The internal controls including audit system need further development to be effective. **The benchmark is not met.***

Over the last two years, several measures have been initiated by the ACGEN to strengthen internal control framework and internal audit system. These include:

- The internal controls in the IFMS have been strengthened by: (i) enforcing commitment control functionality at all stages of budget execution, (ii) improving the work flows, including validation and authorization with threshold limits, and (iii) maintaining a good system of audit trails.
- To strengthen the internal audit function, the government has taken a number of measures, including: (i) establishing a separate cadre of internal auditors to develop a strong workforce for this function, (ii) an internal audit manual has been developed and is being published, (iii) strengthening internal audit capacity and skills in MDAs by recruiting fresh graduates and training them, (iv) training a large number of accountants and internal auditors, and (v) establishing audit committees within the ministries and other government agencies – detailed instructions have been issued on this subject and training sessions are being conducted to sensitize the MDAs on the effective use of these committees.
- To enforce compliance with the Financial Management Act and to enhance accountability, regulations have been developed specifying penalties for various types of non-compliance and financial misconduct, including frauds and losses. These regulations including penalty schedule are very comprehensive and well developed. The treasury regulations are expected to be notified soon.

The mission is very encouraged with the work being done by the authorities, particularly the ACGEN on the development of the internal audit function. The work is progressing in a well planned manner, and the pace needs to be continued. It might take another twelve to eighteen months to develop the internal audit function fully and make it effective.

This benchmark is not met.

Action Plan

Short-term measures

- Augment the resources for the ongoing program of strengthening the internal audit function to fill the gaps in capacity and skills in internal audit units in MDAs. An

aggressive training program on the internal audit practices and the internal audit manual needs to be conducted.

- Establish a mechanism for follow-up actions by the MOF on reports of internal auditors. It would be useful for the ACGEN to summarise the findings of internal audit in a quarterly report and circulate it to the Minister of Finance and all accounting officers.
- The treasury regulations on surcharge and penalties needs to be issued urgently and applied.

Medium-term measures

- Adopt a strategic view of the internal audit function to move beyond compliance and regularity to assist budget managers in ensuring efficiency of expenditures, especially in the context of planned reform initiatives in other areas.
- In light of this strategic view, restructure work practices, freeing resources for systems and other types of audit. Prepare the internal audit manual based on the new vision and the associated improved work programs, and design a training program for Internal Auditors to fulfill their new role.

Indicator 10 ~ Tracking surveys are in use

Question: Is internal control supplemented by public expenditure tracking surveys (PETS) that follow funds to the ultimate service provider or beneficiary?

Benchmark: (B). Tracking surveys are used, where necessary, to supplement internal control, but may not yet be a regular feature of the PEM system.

Assessment: (B). PETS are becoming a regular feature in the core sectors. This benchmark is met.

PETS have been undertaken in Tanzania since 1999 in the education and health sectors, with three completed and one ongoing. The surveys are intended to track the flow of budget allocations to the spending level for delivery of services and determine how much of the allocations actually reach the intended beneficiaries. The notable findings of these surveys are that resources did not flow in full to their intended end-users, and that compliance with the policies and regulations is weak. To address these problems, a number of measures including the regular publication of the data on transfer of funds to districts and projects have been undertaken.

In addition to the PETS, the government established a Technical Audit Unit (TAU) in the MOF in 1999. The TAU has conducted a number of audits to check and verify if development projects received funds as planned and if such funds were solely used for the intended purposes in accordance with government procurement and financial regulations. The TAU's reports on the field tracking of public expenditure identified a number of problems in the implementation of

projects, including difficulties in getting sufficient financial information on donor or NGO funded projects.

Service delivery surveys are also being carried out as part of Public Service Management's performance agreements with MDAs. Eleven MDAs completed 29 service delivery surveys, which are used as a basis for developing their performance agreements. In addition, several NGOs are conducting surveys to evaluate progress in PRS implementation, monitor standards of service in health and education sectors, and evaluate projects financed by the Tanzania Social Action Fund.

Action Plan

There are a number of initiatives to track the utilization of public funds and the delivery of public services. The ongoing work needs to be consolidated and harmonized to enhance the usefulness of these surveys.

This benchmark is met.

Short-term measures

- To increase the impact of several tracking and survey initiatives by a number of agencies, efforts need to be made to standardize methodology to improve comparability, and to compile and disseminate results.
- Overlapping between various surveys also needs to be avoided by developing an annual work program in consultation with donors and NGOs.
- The outputs of the PETS and various other surveys need to be utilized for policy making and MTEF budgeting.

Indicator 11 ~ Quality of fiscal information

Question: *Is there regular reconciliation of all government bank accounts (those held in the central bank and the commercial banks) with the government's accounting records?*

Benchmark: *(A). Satisfactory reconciliation of fiscal and banking records is undertaken routinely.*

Assessment (A) – *Measures are in place and enforced to ensure monthly reconciliation of all bank accounts. **The benchmark is met.***

All transactions of the central government, including regional treasuries, are processed from the single Paymaster General (PMG) account at the BOT. This account, which is under the control of the ACGEN, is fully reconciled on a monthly basis.

Transactions of projects are carried out mostly outside the PMG account, using separate accounts either in the BOT or commercial banks. These accounts, which are opened with the authority of the ACGEN, are also reconciled on a monthly basis and reported to the ACGEN.

Procedures have been established for local authorities to prepare a monthly bank reconciliation. Practice and timeliness, however, varies between the local authorities, mainly due to the lack of accounting capacity in some of them.

Semi-autonomous agencies and extra-budgetary funds also prepare routine bank reconciliations as part of their reporting obligations to their boards.

This benchmark is met.

No action required.

V. BUDGET REPORTING

Indicator 12 ~ Regularity of timely internal fiscal reporting

Question: *When are budget-tracking reports from line ministries, other spending units and the treasury received by the central financial authority?*

Benchmark: (B). *Internal budget reports are received within four weeks of the end of the relevant period.*

Assessment (B): *This benchmark is met.*

The IFMS has provided the GOT with the capacity to produce timely central government fiscal reports with minimal delays. With the introduction of IFMS, internal budget reports on exchequer issues, commitments and payments can be generated in real time for MDAs, which are online and connected to the central database maintained by ACGEN. The five Votes (State House and Defense) are still using IFMS on a stand-alone basis and off-line due to security considerations. The data for these votes is provided in a diskette. This data is then merged in a spreadsheet with data from the other MDAs. However this arrangement does not delay the compilation of internal budget reports, which are usually available within five days of the end of the month.

This benchmark is met.

Action Plan

The relevant actions related to reporting from semi-autonomous agencies, etc. are covered under Indicator 1.

Indicator 13 ~ Regular fiscal reports track poverty reducing spending

Question: *What in-year reports are published for tracking budget expenditure by function?*

Benchmark: *(A). Good-quality classification of poverty reducing spending is reflected in the in-year budget reports.*

Assessment *(A) – Using the detailed definition of poverty reducing expenditures, which is considered to be equivalent to the virtual fund approach, the MOF is able to accurately track such spending in its fiscal reports. The benchmark is met.*

Until recently, in-year tracking of poverty reducing expenditures was limited to aggregate reports on priority sectors, which gave an inflated picture of such spending. Since September 2003, however, the MOF started producing IFMS generated reports based on the specific poverty reducing expenditure definitions adopted for the 2003/4 budget. This detailed definition, as noted in indicator 6, is equivalent to the virtual fund approach recommended in the HIPC assessment guidelines.

The addition of routine reports based on functional classification, however, would improve the tracking of all expenditures. Reporting on the basis of functional classification will help to ensure a more comprehensive analysis of the government's poverty reducing spending.

The benchmark is met.

Action Plan

The recommendations made under indicator 5 regarding the use of functional classification will further enhance the quality of fiscal reports, including on poverty reducing spending.

Indicator 14 ~ Transactions are recorded in the accounts in a timely fashion.

Question: What is the longest period between the end of the fiscal year and the routine booking of transactions ?

Benchmark: (A). Routine transactions are entered into the main accounting system(s) within two months after the end of the fiscal year.

Assessment: (A) – Normally the transactions in the IFMS system are on the whole strictly limited to the fiscal year, with no complementary period. In a few limited cases and with the specific approval of the Minister of Finance, however, commitments whose payments are pending, subject to physical verification of goods and services delivered, are placed on deposit at year end, and paid out of the deposits upon verification. **The benchmark is met.**

The accounts are formally closed on the 30th of June. However, in a few limited cases and as provided in the Financial Regulations, there is a practice of placing funds- earmarked for end-year outstanding commitments that are about to be completed- on deposit, pending finalization of these transactions. Each such case requires the approval of the Minister of Finance. While most of these will be cleared within a month or two of year end, after the goods or services rendered have been accepted, a few take a longer, raising the question as to whether some of these transactions should not, instead, be re-voted in the next year's budget. The total value of FY03/04 commitments outstanding as of June 30th, 2004 was some 20 billion TZS (or app. 1 percent of the budget). It is important to note that the clearance of the deposit account (representing the end-year outstanding commitments) is carried out in the following fiscal year and the accounts for the current year are not adjusted in any manner.

Year-end spending, however, continues to be high. The reason for bunching of transactions at year end are two-fold, namely the delays in the tendering procedures, and the shortage of cash in the earlier part of the year, forcing delays on implementing particular activities. Most cases of funds placed on deposit in this way are to avoid losing the funds for specific activities, which have not been rescheduled for the next year's budget. In effect, this practice prolongs the budget year for a few transactions, which undermines the principle of the annual nature of the budget. MDAs should make more effort to ensure that activities that they cannot complete *within* the fiscal year are adequately catered for in the next year's budget. Conversely, the MOF should further improve its cash management to avoid end of year pile up of unfunded activities.

However, the practice of allowing completion of commitments after year end, through the deposit arrangement, has inherent risks. It is important to note that although at present there is a strict regime for allowing such commitments to be paid off after year end, this arrangement, under other circumstances, can be subject to abuse, allowing MDAs to carryover their budgets even though they have been unable to carry out their planned activities during the authorized fiscal year.

The benchmark is met.

Action Plan

Short-term measures

- Further reduce the commitments eligible for deposit at the end of the year, and enforce clearance of these transactions within one month of the end of the year, failing which the funds should be withdrawn.
- Improve the GOT's cash flow planning system to ensure that activities are funded in a timely manner to avoid end of year bunching.
- Address the issue of delays in the tendering process.

Indicator 15 ~ Timeliness of audited financial information

Question: How soon after the end of the relevant year is the audit report on the annual accounts (either short form audit report accompanying the final accounts or as part of loi de reglement) presented to the public and/or the legislature?

Benchmark: (B). An audited record of the financial outturn should be presented to the legislature within twelve months of the end of the fiscal year

Assessment: (C): An audit report on the annual accounts has not been submitted to the legislature within twelve months of the end of the fiscal year. **The benchmark is not met.**

The Controller and Auditor General (C&AG) is responsible for examining, auditing and reporting on the accounts of both central and local governments. The C&AG produces two separate audit reports for (a) ministries, departments and agencies, and regional administrations, and (b) for local governments. The 2001 Public Finance Act (PFA) requires the C&AG to submit these two audit reports within a period of nine months after the end of the financial year.

Delays in submission of the audit reports for central and local governments has continued over the last three years. This is clearly seen in the table below:

Table 4: Submission Dates for Annual Audit Report to Parliament

Financial Year	Due Date	Date Submitted
July 1999-June 2000	31.03.2001	27.01.2002
July 2000-June 2001	31.03.2002	27.01.2003
July 2001-June 2002	31.03.2003	30.01.2004

July 2002-June 2003	31.03.2004	Expected date October 2004
---------------------	------------	----------------------------

Source: C&AG Reports.

Despite considerable improvement in the submission of accounts by line ministries and the ACGEN, the audit report for financial year 2002/03 (due to be submitted in January 2004) is still to be submitted to the National Assembly. The reasons for this delay include capacity constraints, long drawn manual audit procedures, and time consuming auditing of donor funded projects and special accounts.

Another area of concern is that the audits carried out by the National Audit Office (NAO) are essentially compliance audits, even though the new Public Finance Act has empowered the C&AG to carry out value for money audits. Further the NAO is still to develop computer based audit of the IFMS based government accounts.

This benchmark is not met.

Action Plan

To enhance efficiency and effectiveness of audit, it is necessary for the government to strengthen the capacity and skills of the NAO, and that would facilitate the submission of audit reports in a timely manner. The reform measures could include

Short-term measures

- Revitalize the NAO by providing necessary resources to the C&AG for capacity building, through additional staff, skill upgrading and acquisition of equipment. It would be useful to conduct a comprehensive review of the current functioning of the NAO and draw a strategy for strengthening NAO under PFMRP.
- Improve the quality of audit by applying modern audit techniques including computer based auditing. It is necessary for the NAO to acquire an audit software application to audit the IFMS-based accounts. This would also require training of audit staff in computer use, including computer-based audit techniques.

Medium-term measures

- Review the external audit section of the current Public Finance Act to empower the C&AG and develop the external audit function in compliance with INTOSAI¹⁰ standards. For this purpose, a separate (External) Audit Act, could be developed as done by a number of OECD countries.

¹⁰ INTOSAI = International Organization of Supreme Audit Institutions.

- Empower the oversight of parliamentary committees over the executive by enforcing the implementation of recommendations by these committees and initiating disciplinary proceedings against those responsible for non-compliance and financial misconduct.

VI. PROCUREMENT

Indicator 16 – Efficiency and effectiveness of the public procurement system

Question: *To what degree does the public procurement system provide for efficient and effectiveness use of public funds?*

Benchmark: (A): *An efficient and public procurement system do exist. The procurement system promotes efficiency and effectiveness in the expenditure of public funds through clear and enforceable rules that promote competition, transparency, and value for money.*

Assessment: (B): *The procurement system operates in a weak enforcement and accountability environment. **The benchmark is not met.***

The 2003 Country Procurement Assessment Report (CPAR) recommended amendment of the current Act to address the above weakness. The 2003 CPAR, which was the Bank's second assessment of the procurement system in Tanzania, looked at all areas of public procurement operations including legislative framework, the performance of regulatory functions, the enforcement regime, the capacity of the public sector institutions to conduct procurement, and the effects of corruption on procurement. The CPAR identified following critical areas:

- The current organization set up of the procurement function is prone to inefficiency and lacks accountability because the Central Tender Board (CTB) is holding both executive and regulatory powers;
- Lack of procurement planning in Government financed projects;
- Lack of enforcement of the existing rules;
- Lack of adequate sanctions as the Law does not provide the option of annulment of the contract once it is in force;
- Lack of capacity at central and local government levels; and
- Inadequate monitoring and evaluation mechanism.

To address the above areas, the 2003 CPAR recommended the following to amend the current procurement law:

- Separate the Operational and Regulatory functions of the CTB;
- Establish a Regulatory Authority as an autonomous body;
- Enforce existing rules on procurement planning, advertisement, pre-qualifications, submission and opening of bids, etc;
- Establish the Public Procurement Appeals Authority

- Prepare a capacity building strategy
- Decentralize procurement function to the ministries, departments, and agencies (MDAs); and
- Establish an Information Management System linking the Regulatory Authority with procuring entities.

The Government has started working on some of the above recommendations. The CPAR was submitted to the Government in April 2004. Thereafter, with assistance from DFID, the Government contracted Crown Agents to prepare action plan based on the CPAR recommendations. The action plan was submitted to the Government in July 2003 and its information has been used as inputs to reform further the procurement system. The procurement reform will be implemented through Public Financial Management Reform Program (PFMRP), which is a basket fund. Besides, the Government has already carried out awareness training to procurement staff of the MDAs and, in May 2004, the Government formed a Public Procurement Appeals Authority (PPAA) comprising of 4 members in accordance with the current law. However, membership of the PPAA will increase from 4 to 6 and its composition will be revisited to include a representation from the private sector and Procurement Professional Body as per CPAR recommendations after enactment of the new law. The Government has submitted to the parliamentary committee a draft new procurement Bill to repeal the current Act that was enacted in 2001. The Bank will review the new Bill to ascertain if incorporates CPAR recommendations and communicate to the Government accordingly. The Bill is expected to be passed by the Parliament in October 2004 and will become effective in January 2005. In the meantime, the CTB has initiated a process of selecting a consultant to review the existing Regulations in line with the proposed new procurement Bill.

Action Plan

The action plan to reform further the procurement system in Tanzania is incorporated in the PFMRP document. According to the document, the reform will be carried out in the time frame of 5 years. The Government and development partners are in the last stage of finalizing the Memorandum of Understanding (MOU) before development partners begin disbursing to the basket.

Short term Measures

- Establish a Regulatory Authority with appropriate functions and powers
- Decentralize procurement function to the ministries, departments, and agencies (MDAs)
- Revise Standard Bidding Documents and procurement guidelines and prepare user manuals
- Develop and implement anticorruption strategy in procurement

Medium Term Measures

- Finalize and implement a capacity building strategy

- Establish a system of procurement common items to MDAs
- Establish an Information Management System linking the Regulatory Authority with procuring entities.

VII. Recommended Action Plan for Improving Public Expenditure Management

The mission has prepared an action plan, drawn in part from Tanzania's own PEM reform strategy. The Public Financial Management Reform Program (PFMRP) has been recently reviewed and revitalized by developing a vision and a comprehensive strategy, including the implementation arrangements. The main components of PFMRP covering the PEM areas (16 benchmarks) and reference to these are made, where appropriate in the Action Plan.

The mission has made a number of short- and medium-term recommendations in this report. Of these, the finalization and application of the GFS 2001 functional classification with the 2004/05 year, the further refinement of the MTEF process to improve allocation of resources in favor of priority sectors and more toward a comprehensive result-based approach to budgeting, strengthening the National Audit Office, continuing the work on improving internal audit and procurement system, and working toward developing a fiscal reporting system for the general government sector, are priority areas in the view of this mission.

The proposed action plan has identified specific areas in which the PEM system can be strengthened. The mission is fully aware that many of these are already covered under the GOT PFMRP, to which links have been indicated in the action plan. One area, where a gap has been identified is the preparation of general government fiscal reports, for which the authorities may wish to seek suitable assistance outside the scope of the current PFMRP. Otherwise, most areas are expected to be addressed within the context of the various components of PFMRP, once detailed implementation start

**Table 5:
Overview of Technical and Donor Assistance in Public Expenditure Management in Tanzania**

Donor/ Provider**	RECENT*/ONGOING assistance by major project		PLANNED assistance by major project	
	Description	Dates	Description	Dates
WORLD BANK	Strengthening public expenditure management; annual review of expenditure trends and PEM issues (PER)	ongoing	Improved public sector governance; Improved public financial management; and Capacity building (ATIP-Accountability, Transparency, and Integrity Program)	2005 (4 years)
	Monitor consistency of budget execution with poverty reduction strategy (PRS) priorities (PRSC 2)	Jul-04 1 yr rolling	Improved performance and accountability of local authorities in the areas of planning, financial management and project implementation (LGSP- Local Government Support Program)	2005
			Technical Assistance on developing the cash management function	ongoing
			Provide training and computerization (Controller & Auditor General's office)	2004
IMF/ Afritac East				
Sweden	Develop integrated budget systems for planning and accounting (under PFMRP as a separate component) (duration- 28 months)	Since 1997; Sep-01		
Switzerland (SECO)/ IMF	Strengthen the capacity of Ministry of Finance to conduct macro-fiscal analysis for fiscal management	ongoing since May '02	Capacity-building & technical assistance in the establishment of the data warehouse for fiscal analysis	Recently extended to Dec '06
Norway	Coordination, monitoring, and evaluating processes (under PFMRP)	2004/05	Continuation of the assistance in monitoring and evaluating processes under PFMRP	
UNDP	Project with the External Finance Department , MOF (PFMRP)	ongoing	Continuation of ongoing assistance to External Finance Department (under PFMRP)	

* Within the last 12 months

**Table 6:
Implementation Status of 2001 Actions to Strengthen Tracking of Poverty-Reducing Public Spending: Tanzania**

#	Actions ¹	Relates to Indicator ²	Timing (S/M) ³	Status (FI/II/NS)*	Date Achieved**	Comments***
Actions to strengthen budget formulation						
1	Identify poverty-reducing items in budget	6	S	FI	January '03	The priority item codes at the level of votes, subvotes and GFS economic items were identified in consultation with MDAs in January 2003.
2	Improve accounting for external disbursements	4	S	II		ACGEN issued circulars detailing the procedures for reporting of donor expenditures undertaken outside the IFMS and held meetings with the donor representatives on the reporting requirements. However, donor compliance is still weak.
3	Include table showing poverty-reducing expenditures in 2002-03 budget	6	S	II		The summary table is to be included in the final version of the 2004/05 budget
4	Extend GFS based economic classification to subventions, regions and development budget	6	M	FI	June '03	Implemented within the 2003/04 budget
5	Apply GFS-based functional classification to recurrent and development budget	5	M	II		Work in progress
6	Strengthen MTEF process and include 2 year projections in 2003-04 budget	7	M	FI	June '03	MTEF introduced in 2003/04
N						
II						
1	Institute reporting system on arrears for submission to ACGEN by Accounting Officers	8	S	FI	June '03	ACGEN instituted a system of quarterly reporting on payment arrears for public utility services. The reports on utility arrears are to include information on the share of arrears overdue for more than 90 days during FY05
2	Strengthen internal audit with 3 measures (definition of responsibilities of internal auditors; including internal audit functions in IFMS; training of internal auditors)	9	M	II		The new interval audit cadre has been created, audit manual is finalized, audit committees have been set up
3	Finalize TOR for public expenditure tracking surveys	10	S	FI	March '02	Met in early 2002
N						
Actions to strengthen financial reporting						
1	Transfer electronically (IFMS) accounting database for 5 votes to ACGEN's office	12	S	II		Would be implemented with further development of the network system
2	Design template for local governments reporting	12	S	FI	March '03	
3	Issue circular requiring local govt. quarterly reports	12	S	FI	March '03	
4	Training and enforcement measures for timely submission of local govt. reports	12	S	II		The training is in progress
5	Compile quarterly reports on poverty-reducing expenditure based on IFMS	13	S	FI		Introduced reporting in the first quarter of FY 04. The quarterly budget execution reports include a summary table
6	Compile fiscal accounts of general government	14	M	II		Work is in progress
7	Strengthen external audit with 3 measures (capacity building, IT development, and training in computer-assisted techniques)	15	M	II		Implementation is expected to commence under the PFM RP
N						
Actions to strengthen public procurement						
1						
2						
N						

¹Actions reflect the descriptions held by FAD-PREM in the March 2003 Board Paper and should relate to the earlier action plans developed in prior AAPs.

²Show to which of the 16 indicators from the AAP the action chiefly relates.

³S=Short term action (within 12 months of action); M=medium term action.

* FI=fully implemented, II=Implementation initiated, NS=Not started (FI in blue reflects status as FI at the time of March 2003 board paper. Mission team should update the status for all other actions)

**Date achieved for FI reflects the action status in the March 2003 Board Paper.

*** Comments may explain any changes in the nature of proposed actions or changes to the timing of their implementation.

**Table 7:
Summary Action Plan to upgrade PEM capacity in Tanzania**

SHORT-TERM MEASURES (Within next 12 months)					MEDIUM-TERM MEASURES (12 months to 3 years)					
No.	Action	Relates to indicator	PFMRP component	TA Provider	No.	Action	Relates to indicator	PFMRP component	TA Provider	
FORMULATION										
Comprehensiveness	S.01	Develop and implement regulations for fiscal reporting from semi-autonomous agencies and extra-budgetary funds, for their budgets, in-year quarterly financial reports, and annual accounts, using the government's GFS based classifications. These reports should be collected and consolidated in the MoF, and included in general government fiscal reports.	1 & 2			M.01	Review the roles and responsibilities for intergovernmental fiscal relations in the central government with a view to strengthening the MoF capacity in this area.	1		
	S.02	Strengthen the quarterly in-year reporting from local authorities and ensure that these reports are copied to the MoF in a timely manner to be included in general government fiscal reports.	1	4		M.02	Prepare and publish quarterly consolidated general government fiscal reports.	1		
	S.03	Include summary budget estimates of semi-autonomous agencies and extra-budgetary funds as annexes to the annual budget, to ensure that Parliament is made fully aware of the context in which annual budgetary transfers are made to these bodies.	2							
	S.04	Include the requirement to report project expenditures using the standard expenditure reporting forms in all new donor funded project agreements and memoranda of understanding.	4	2						
	S.05	Evaluate alternative arrangements for capturing spending of donor funded components of projects, such as the OECD/WB/UNDP "aid management platform" approach.	4	2						
Classification	S.06	Complete, and ensure adequate arrangements for maintenance of, the mapping of government activities to COFOG functional classification codes, building on the work already undertaken in this area with assistance from FAD.	5 & 13	3		M.03	The MTEF process needs to be further refined and consolidated to enhance the consistency between the government's policy objectives, including those outlined in the PRSP, and budgetary resource allocations.	5	3	
	S.07	Complete the rollout of GFS based economic classifications for reporting by all semi-autonomous agencies and extra-budgetary funds.	5	3		M.04	With the forthcoming PRS exercise, the table on the priority sector expenditures needs to be updated, in consultation with the major stakeholders (including donors).	6	3	
	S.08	Include reports based on functional classification in the in-year fiscal tables and as a summary in the annual estimates.	5 & 13	3						
	S.09	Include summary table on the priority sector expenditures (possibly excluding donor projects for which the reporting is still incomplete) in the budget books.	6	3						
Projection	S.10	Ongoing efforts and work need to be continued to achieve better exchange of information on donors' commitments and expected and actual disbursements; and utilization of the exchequer system and IFMS for aid disbursements and accounting by a greater number of donors.	7	2		M.05	Greater attention needs to be provided to monitor efficiency in the use of resources. For moving forward, it will be important to develop efficiency indicators for selected PRS sectors and activities and monitor performance over time.	7	3	
	S.11	The MTEF process needs to be consolidated and deepened to further improve the allocation of resources guided by the PRS priorities.	7	3		M.06	With the new PRS cycle, efforts should be made for better alignment of the MTEF strategy with the new PRS as well as better monitoring of the impact of expenditure allocations on poverty indicators.	7	3	

EXECUTION										
Arrears	S.12	The current process of monitoring the utility arrears need to be continued and all efforts need to be made to ensure the payment of all bills by due dates.	8							
	S.13	It would be useful to reconcile the end-year stock of utility arrears with the utility providers.	8							
	S.14	The process of seeking information from public on the unpaid bills on a quarterly basis need to continue and follow-up action including sanctions should be taken against MDAs responsible for unpaid bills not recorded on IFMS.	8							
	S. 15	The quarterly arrears report on utilities could also provide information on bills outstanding for more than 90 days.	8							
Internal Controls and Reconciliation	S.16	Augment the resources for the ongoing program of strengthening the internal audit function to fill the gaps in capacity and skills in internal audit units in MDAs. An aggressive training program on the internal audit practices and the internal audit manual needs to be conducted.	9	4		M.07	Adopt a strategic view of the internal audit function to move beyond compliance and regularity to assist budget managers in ensuring efficiency of expenditures, especially in the context of planned reform initiatives in other areas.	9	4	
	S.17	Establish a mechanism for follow-up actions by the MOF on reports of internal auditors. It would be useful for the AG to summarise the findings of internal audit in a quarterly report and circulate it to Minister of Finance and all accounting officers.	9	4		M.08	In light of this strategic view, restructure work practices, freeing resources for systems and other types of audit. Prepare the internal audit manual based on the new vision and the associated improved work programs, and design a training program for Internal Auditors to fulfill their new role.	9	4	
	S.18	The treasury regulations on surcharge and penalties needs to be issued urgently and applied.	9	4						
	S.19	To increase the impact of several tracking and survey initiatives by a number of agencies, efforts need to be made to standardize methodology to improve comparability, and to compile and disseminate results.	10	3						
	S.20	Overlapping between various surveys also needs to be avoided by developing an annual work program in consultation with donors and NGOs.	10	3						
	S.21	The outputs of the PETs and various other surveys need to be utilized for policy making and MTEF budgeting.	10	3						
REPORTING										
Final Audited Accounts	S.22	Further reduce the commitments eligible for deposit at the end of the year, and enforce clearance of these transactions within one month of the end of the year, failing which the funds should be withdrawn.	14	4						
	S.23	Improve the GoT's cash flow planning system to ensure that activities are funded in a timely manner to avoid end of year bunching.	14	4	East Afritag					
	S.24	Address the issue of delays in the tendering process.	14 & 16	5						
	S.25	Revitalize the NAO by providing necessary resources to the C&AG for capacity building, through additional staff, skill upgrading and acquisition of equipment. It would be useful to conduct a comprehensive review of the current functioning of the NAO and draw a strategy for strengthening NAO under PFMRP.	15	9		M.09	Review the external audit section of the current Public Finance Act to empower the C&AG and develop the external audit function in compliance with INTOSAI standards. For this purpose, a separate (External) Audit Act, could be developed as done by a number of OECD countries.	15	9	
	S.26	Improve quality of audit by applying modern audit techniques including computer based auditing. It is necessary for the NAO to acquire an audit software application to audit the IFMS based accounts. This would also require training of audit staff in computer use, including computer-based audit techniques.	15	9		M.10	Empower the oversight of parliamentary committees over the executive by enforcing the implementation of recommendations by these committees and initiating disciplinary proceedings against those responsible for non-compliance and financial misconduct.	15	9	
NEW										
Procurement	S.27	Establish a Regulatory Authority with appropriate functions and powers.	16	5		M.11	Finalize and implement a capacity building strategy.	16	5	
	S.28	Revise Standard Bidding Documents and procurement guidelines and prepare user manuals.	16	5		M.12	Establish a system of procuring common items across MDAs.	16	5	
	S.29	Establish a Public Procurement Appeals Authority (PPAA).	16	5		M.13	Establish an Information Management System linking the Regulatory Authority with procuring entities.	16	5	
	S.30	Develop and implement anticorruption strategy in procurement.	16	5						

Note: PFMRP is the Government of Tanzania's PEM reforms program

ANNEX A: Recurrent Budget Estimates and Actual Expenditure by Vote (billions of TZS)¹

VOTE	ADMINISTRATION	2000-2001			2001-2002			2002-2003			AVERAGE ²
		BUDGET	OUTTURN	DEVIATION(%)	BUDGET	OUTTURN	DEVIATION(%)	BUDGET	OUTTURN	DEVIATION(%)	DEVIATION (00/01-02/03)
23	Accountant General's Department	22.52	22.42	-0.46	98.72	90.28	-8.55	24.33	22.14	-8.99	6.00
26	Vice President	0.46	0.46	-0.02	1.02	1.01	-1.42	1.31	1.30	-0.28	0.57
27	Registrar of Political Parties	2.77	2.73	-1.21	3.90	3.80	-2.60	8.02	8.00	-0.25	1.35
30	President's Office and Cabinet	24.69	24.69	0.00	31.14	31.14	0.00	40.41	40.27	-0.34	0.12
31	Vice President's Office	0.94	0.94	-0.03	1.41	1.41	-0.06	13.97	13.94	-0.26	0.12
32	Civil Service Department	4.34	4.34	0.00	5.77	5.55	-3.84	4.56	4.17	-8.65	4.16
33	Ethics Secretariat	0.20	0.20	-0.17	0.27	0.26	-0.54	0.28	0.27	-2.30	1.00
34	Foreign Affairs & International Coop.	20.51	24.51	19.51	29.31	27.75	-5.30	33.79	34.57	2.33	9.05
35	Perm.Comm.Enq.	0.34	0.34	-0.33							0.33
36	Civil Service Commission	0.51	0.51	-0.01	0.56	0.50	-10.24	0.58	0.58	-0.35	3.53
37	Prime Minister's Office	4.74	4.74	-0.07	10.35	7.40	-28.48	13.37	13.30	-0.50	9.68
40	Judiciary	8.76	8.76	-0.01	11.75	11.75	0.00	13.20	13.06	-1.03	0.35
41	Justice and Constitutional Affairs	1.52	1.50	-0.85	2.40	2.35	-2.00	3.86	3.82	-1.03	1.30
42	Office of the Speaker	6.58	6.57	-0.26	8.73	8.45	-3.19	10.67	10.31	-3.42	2.29
45	Exchequer and Audit Department	1.77	1.75	-1.18	1.93	1.91	-1.12	2.86	2.75	-3.84	2.05
50	Finance	41.03	40.88	-0.38	88.39	58.34	-34.00	58.75	53.87	-8.30	14.23
51	Home Affairs	5.55	5.55	-0.02	6.95	5.87	-15.53	7.58	7.03	-7.15	7.57
53	Comm.Dev.Women Affairs & Children	2.00	2.00	-0.04	2.88	2.86	-0.96	3.44	3.34	-2.99	1.33
54	Radio Tanzania	1.55	1.15	-25.63	1.68	1.44	-14.75	3.17	2.86	-9.67	16.68
55	Comm.of Human Rights & Good Gvc.				0.90	0.66	-26.22	0.99	0.72	-27.51	26.86
56	Regional Adm. and Local Govt.	3.87	3.86	-0.26	20.54	20.39	-0.76	24.59	23.64	-3.87	1.63
57	Defence and National Service	4.12	4.12	-0.02	3.44	3.44	0.00	3.86	3.86	-0.09	0.04
58	Energy and Minerals	3.65	3.65	-0.02	22.80	22.57	-0.99	18.99	18.78	-1.13	0.71
59	Law Reform Commission	0.18	0.18	-0.64	0.18	0.18	-4.47	0.26	0.26	-2.15	2.42
60	Industrial Court of Tanzania	0.32	0.32	0.00	0.34	0.34	-1.23	0.42	0.40	-4.65	1.96
61	Electoral Commission	30.86	30.61	-0.79	0.75	0.71	-5.23	2.27	2.22	-2.34	2.78
63	Local Government Serv.Comm.	0.26	0.26	-3.32	0.36	0.36	-0.48	0.63	0.63	-0.09	1.29
64	Commercial Courts				0.49	0.49	-0.39	0.78	0.60	-22.94	11.67
66	Planning Comm. & Privatisation	2.30	2.30	-0.02	13.99	13.48	-3.66	20.22	20.01	-1.05	1.58
VOTE	DEFENCE AND SECURITY										
38	Defence	89.21	88.43	-0.87	99.95	99.67	-0.28	118.55	117.86	-0.59	0.58
39	The National Service	12.51	12.50	-0.01	16.38	16.22	-0.96	21.47	21.46	-0.06	0.35
28	Police Force	41.99	41.87	-0.28	43.13	41.91	-2.83	52.92	51.97	-1.80	1.64
29	Ministry of Home Affairs -Prisons	20.91	20.84	-0.32	23.41	23.13	-1.19	29.27	29.21	-0.20	0.57
VOTE	SOCIAL SERVICES										
46	Ministry of Education	28.65	28.60	-0.17	37.38	36.05	-3.56	40.85	39.81	-2.57	2.10
52	Ministry of Health	40.15	39.89	-0.65	49.09	48.17	-1.88	54.48	53.97	-0.92	1.15
53	Ministry of Comm.Dev.Gender & Culture	2.00	2.00	-0.04	2.88	2.86	-0.96	3.44	3.34	-2.99	1.33
65	Ministry of Labour & Youth Dev.	3.19	3.08	-3.55	4.35	4.26	-2.02	4.81	4.68	-2.82	2.80
67	Teacher's Service Commission	1.52	1.52	0.00	1.76	1.74	-1.29	1.91	1.90	-0.23	0.51
68	Ministry of Science,Tech. &Higher Educ.	44.92	44.74	-0.40	55.85	55.35	-0.90	62.23	62.01	-0.35	0.55
49	Ministry of Water & Livestock Dev.	7.60	7.25	-4.51	9.52	8.80	-7.60	16.75	16.03	-4.32	5.48
VOTE	ECONOMIC SERVICES										
47	Ministry of Works	55.96	55.94	-0.03	51.58	48.88	-5.24	55.08	51.88	-5.82	3.70
56	Ministry of Regional Adm. & Local Govt	3.87	3.86	-0.26	20.54	20.39	-0.76	24.59	23.64	-3.87	1.63
48	Ministry of Lands&Human Settlement Dev.	4.32	4.18	-3.11	4.65	4.65	-0.04	4.98	4.89	-1.80	1.65
58	Ministry of Energy & Minerals	3.65	3.65	-0.02	22.80	22.57	-0.99	18.99	18.78	-1.13	0.71
62	Ministry of Communication & Transport	10.46	10.45	-0.07	12.04	11.16	-7.27	38.04	37.01	-2.71	3.35
VOTE	PRODUCTIONS										
24	Ministry of Co-operatives & Marketing	1.79	1.79	-0.07	5.49	5.44	-1.01	6.27	6.05	-3.49	1.52
43	Ministry of Agriculture & Food Security	10.31	10.31	0.00	9.56	8.70	-8.97	16.22	15.67	-3.42	4.13
44	Ministry of Industries & Trade	4.12	4.12	0.00	5.77	5.17	-10.30	7.56	7.37	-2.52	4.27
69	Ministry of Natural Resources & Tourism	13.45	11.59	-13.80	14.83	14.15	-4.61	20.54	20.24	-1.45	6.62
Sub-total Ministries Recurrent		596.95	596.00	-0.16	861.94	803.95	-6.73	916.12	894.46	-2.36	3.08
VOTE	REGIONS										
70	Arusha	15.15	15.13	-0.09	18.17	18.10	-0.39	12.42	12.34	-0.64	0.37
71	Coast	7.10	7.02	-1.03	9.49	8.64	-8.95	11.35	10.94	-3.60	4.53
72	Dodoma	10.55	10.54	-0.07	12.87	12.78	-0.74	15.35	15.18	-1.16	0.66
73	Iringa	11.37	11.32	-0.39	13.68	13.60	-0.62	16.91	16.67	-1.43	0.81
74	Kigoma	7.88	7.88	0.00	9.81	9.77	-0.43	10.96	10.96	-0.08	0.17
75	Kilimanjaro	15.23	15.23	0.00	17.66	17.55	-0.63	20.94	20.76	-0.90	0.51
76	Lindi	6.43	6.35	-1.38	7.76	7.70	-0.81	9.06	8.97	-0.97	1.05
77	Mara	11.01	11.01	-0.05	13.60	13.38	-1.62	15.59	14.99	-3.82	1.83
78	Mbeya	13.43	13.25	-1.31	16.26	16.14	-0.75	19.53	19.42	-0.52	0.86
79	Morogoro	11.54	11.50	-0.37	13.80	13.77	-0.24	16.15	16.14	-0.09	0.23
80	Mtwara	7.73	7.70	-0.41	9.16	9.05	-1.26	10.69	10.64	-0.42	0.70
81	Mwanza	13.94	13.95	0.03	17.71	17.60	-0.66	20.92	20.76	-0.74	0.48
82	Ruvuma	8.84	8.84	-0.03	11.55	11.52	-0.24	12.30	12.29	-0.08	0.12
83	Shinyanga	11.27	11.27	-0.02	14.51	14.47	-0.31	17.89	17.78	-0.62	0.31
84	Singida	7.04	6.99	-0.75	8.76	8.33	-4.90	10.21	10.14	-0.63	2.09
85	Tabora	8.42	8.42	0.04	10.90	10.86	-0.38	12.91	12.78	-0.99	0.47
86	Tanga	11.97	11.97	0.00	14.45	14.40	-0.39	17.00	16.94	-0.37	0.25
87	Kagera	10.75	10.69	-0.58	14.09	13.16	-6.58	15.82	15.70	-0.73	2.63
88	D'Salaam	11.52	11.39	-1.18	27.39	13.65	-50.17	18.93	18.69	-1.30	17.55
89	Rukwa	6.37	6.37	-0.08	8.14	8.12	-0.28	9.69	9.66	-0.31	0.22
95	Manyara							9.78	9.59	-1.91	1.91
Total Ministries Recurrent		804.50	802.81	-0.21	1,131.72	1,056.52	-6.65	1,220.51	1,195.80	-2.03	2.96
Weighted Average Deviation³		-	-	1.21	-	-	6.65	-	-	2.17	3.34

¹ More detailed disaggregation by Ministries/Votes in Annex A

² Average of the absolute value of the percent deviation of outturn from budget

³ The average deviation is weighted by the ratio of each vote's original budget to the total recurrent expenditure

**Annex A (contd.): Development Budget Estimates and Actual Expenditure by Vote
(Including Foreign Financed Projects) (billions of TZS)¹**

VOTE	ADMINISTRATION	2000-2001			2001-2002			2002-2003			AVERAGE ² DEVIATION (00/01-02/03)
		BUDGET	OUTTURN	DEVIATION(%)	BUDGET	OUTTURN	DEVIATION(%)	BUDGET	OUTTURN	DEVIATION(%)	
23	Accountant General's Department	1.09	0.67	-38.45	1.38	0.20	-85.46	1.49	0.36	-75.88	66.60
26	Vice President										
27	Registrar of Political Parties										
30	President's Office and Cabinet	10.42	5.22	-49.93	9.06	7.20	-20.47	12.28	28.64	133.28	67.89
31	Vice President's Office	8.30	0.47	-94.33	4.48	0.21	-95.36	7.25	3.72	-48.70	79.46
32	Civil Service Department	6.82	6.80	-0.26	8.64	8.35	-3.37	11.34	2.51	-77.89	27.17
33	Ethics Secretariat										
34	Foreign Affairs & International Coop.										
35	Perm.Comm.Enq.										
36	Civil Service Commission										
37	Prime Minister's Office	4.40	0.40	-91.01	2.20	0.40	-81.82	5.94	5.03	-15.19	62.67
40	Judiciary	0.80	0.80	-0.17	0.40	0.21	-48.50	0.40	0.40	-0.28	16.32
41	Justice and Constitutional Affairs				1.16	0.61	-47.80	2.90	0.56	-80.67	42.82
42	Office of the Speaker	0.48	0.48	-0.55							0.18
45	Exchequer and Audit Department	0.55	0.05	-90.91	0.96	0.12	-87.11	0.77	0.20	-74.43	84.15
50	Finance	9.76	1.49	-84.76	34.87	1.27	-96.37	27.74	9.07	-67.32	82.82
51	Home Affairs										
53	Comm.Dev.Women Affairs & Childr	1.62	1.46	-9.74	1.54	1.54	0.00	2.72	0.16	-93.99	34.58
54	Radio Tanzania	0.30	0.30	-0.68	0.30	0.30	-0.01	0.30	0.30	-0.02	0.24
55	Comm of Human Rights & Good Gov.							1.15		-100.00	33.33
56	Regional Adm. and Local Govt.	27.09	13.10	-51.66	70.27	58.30	-17.04	109.65	74.20	-32.33	33.68
57	Defence and National Service	1.00	1.00	0.00	1.00	1.00	0.00	9.08	9.08	0.00	0.00
58	Energy and Minerals	30.49	5.30	-82.63	8.01	4.63	-42.14	74.10	7.96	-89.26	71.35
59	Law Reform Commission				0.51	0.11	-79.40	0.22	0.20	-11.11	30.17
60	Industrial Court of Tanzania										
61	Electoral Commission										
63	Local Government Serv.Comm.										
64	Commercial Courts				0.17	-		0.25		-100.00	33.33
66	Planning Comm. & Privatisation	2.53	2.17	-14.43	2.68	2.65	-1.08	15.92	9.20	-42.20	19.24
VOTE	DEFENCE AND SECURITY										
38	Defence										
39	The National Service										
28	Police Force				0.30	0.30	0.00	3.30	3.30	-0.02	0.01
29	Ministry of Home Affairs -Prisons							2.90	2.90	-0.14	0.05
VOTE	SOCIAL SERVICES										
46	Ministry of Education	22.13	2.67	-87.94	21.92	19.04	-13.15	83.35	57.45	-31.08	44.06
52	Ministry of Health	34.19	25.48	-25.48	42.53	30.72	-27.77	62.78	62.38	-0.63	17.96
53	Ministry of Comm.Dev.Gender & Cu	1.62	1.46	-9.74	1.54	1.54	0.00	2.72	0.16	-93.99	34.58
65	Ministry of Labour & Youth Dev.	3.00	0.26	-91.42	1.68	1.68	0.00	3.15	0.11	-96.35	62.59
67	Teacher's Service Commission										
68	Ministry of Science, Tech. & Higher E	4.21	2.57	-38.91	4.20	3.35	-20.27	11.14	10.11	-9.17	22.78
49	Ministry of Water & Livestock Dev.	29.58	10.97	-62.90	15.89	6.06	-61.88	46.02	11.69	-74.60	66.46
VOTE	ECONOMIC SERVICES										
47	Ministry of Works	31.73	16.66	-47.49	52.46	50.14	-4.43	133.48	90.21	-32.42	28.11
56	Ministry of Regional Adm. & Local G	27.09	13.10	-51.66	70.27	58.30	-17.04	109.65	74.20	-32.33	33.68
48	Ministry of Lands&Human Settleme	0.91	0.89	-1.68	0.71	0.71	-0.44	10.04	10.02	-0.14	0.75
58	Ministry of Energy & Minerals	30.49	5.30	-82.63	8.01	4.63	-42.14	74.10	7.96	-89.26	71.35
62	Ministry of Communication & Trans	22.39	22.39	0.00	7.57	7.57	0.00	13.28	8.90	-33.00	11.00
VOTE	PRODUCTIONS										
24	Ministry o Co-operatives & Marketir	0.91	-		-	0.05		1.20	0.99	-17.63	5.88
43	Ministry of Agriculture & Food Secu	15.81	13.01	-17.72	15.96	14.66	-8.12	18.60	14.53	-21.88	15.91
44	Ministry of Industries & Trade	0.38	0.25	-35.08	1.18	1.17	0.00	0.82	0.28	-65.36	33.48
69	Ministry of Natural Resources & To	5.51	5.12	-7.13	4.38	3.90	-10.82	10.93	5.30	-51.52	23.15
Sub-total Ministries Development		335.59	159.81	-52.38	396.22	290.91	-26.58	870.94	512.07	-41.20	40.05
VOTE	REGIONS										
70	Arusha	3.41	2.63	-22.83	3.18	2.71	-14.80	1.51	1.22	-19.18	18.94
71	Coast	0.70	0.70	0.00	1.57	1.20	-23.47	1.18	0.89	-24.60	16.02
72	Dodoma	2.58	1.00	-61.08	0.32	0.32	-0.01	0.31	0.30	-1.65	20.91
73	Iringa	5.05	0.35	-92.97	3.56	3.41	-4.10	4.37	0.34	-92.27	63.11
74	Kigoma	0.24	0.24	0.00	0.35	0.35	0.00	0.34	0.34	0.00	0.00
75	Kilimanjaro	0.36	0.36	0.00	0.39	0.39	-0.04	1.00	0.45	-55.01	18.35
76	Lindi	1.30	0.30	-76.93	1.76	0.30	-82.82	0.80	0.28	-64.81	74.85
77	Mara	3.47	1.40	-59.56	4.46	1.71	-61.66	1.14	0.84	-26.12	49.12
78	Mbeya	0.69	0.49	-28.86	0.59	0.59	-0.02	2.28	0.60	-73.78	34.22
79	Morogoro	3.18	0.30	-90.46	3.35	0.30	-90.94	3.33	3.33	0.00	60.47
80	Mtwara	1.17	0.28	-76.30	1.35	0.55	-59.30	1.40	0.43	-69.45	68.35
81	Mwanza	2.20	2.20	0.00	2.94	2.28	-22.56	5.01	0.44	-91.24	37.94
82	Ruvuma	0.48	0.48	0.00	0.36	0.36	0.00	1.15	0.26	-77.34	25.78
83	Shinyanga	0.34	0.34	-0.02	0.38	0.38	-0.04	0.36	0.36	-0.37	0.14
84	Singida	0.85	0.43	-49.60	0.80	0.59	-25.63	1.82	0.65	-64.52	46.58
85	Tabora	0.34	0.34	0.00	0.37	0.37	-0.02	0.36	0.36	0.00	0.01
86	Tanga	0.90	0.90	0.00	1.61	1.39	-13.43	1.57	1.43	-9.12	7.52
87	Kagera	9.33	7.71	-17.34	8.42	4.88	-42.07	5.23	4.59	-12.25	23.89
88	D'Salaam	0.17	0.17	0.00	0.59	0.59	0.00	0.14	0.13	-0.20	0.07
89	Rukwa	0.27	0.27	0.00	0.31	0.30	0.00	0.28	0.28	0.00	0.00
95	Manyara							2.09	1.38	-34.04	11.35
Total		372.62	180.71	-51.50	432.88	313.90	-27.48	906.60	530.96	-41.43	40.14
Weighted Average Deviation³		-	-	51.26	-	-	27.46	-	-	45.15	41.25

¹ More detailed disaggregation by Ministries/Votes in Annex A

² Average of the absolute value of the percent deviation of outturn from budget

³ The average deviation is weighted by the ratio of each vote's original budget to the total development expenditure

Annex B: Priority Items Recurrent Expenditure Actuals, July- December 2003 (millions of TZS)

Sector	Description of Priority Items:	Vote	Subvote No.	GFS Item	2003/04 OC	2003/04 PE	2003/04	Cumulative FQ	Cumulative	Cumulative FQ 1 - 2	Cumulative FQ 1 - 2
					Estimate	Estimate	Recurrent Estimate	1 - 2 OC Actual	FQ 1 - 2 PE Actual	Total Recurrent Actual	actual as % of 2003/04 budget
Agriculture:	Priority Items - Agriculture Research and Extension:										
	Subvention to Local Authorities - District & Urban Council (agriculture) 1/	70-89+ 95	1001	281001+ 281102+ 341001+ 341002	2,676.0	9,554.0	12,230.0	2,018.39	5,325.65	7,344.04	60.0%
	MoAFS - Crop Development Subvote	43	2001	All Items	8,088.1	1,376.0	9,464.1	2,718.1	559.7	3,277.9	34.6%
	MoAFS - Irrigation and Tech. Service Subvote	43	2002	All Items	3,587.1	16.5	3,603.6	1,437.1	0	1,437.1	39.9%
	MoAFS - Research Development Subvote	43	3001	All Items	1,802.0	1,537.0	3,339.0	991.8	766.31	1,758.1	52.7%
	MoAFS - National Food Security Subvote	43	5001	All Items	429.7	60.3	490.0	113.5	60.1	173.6	35.4%
	MoAFS - Strategic Grain Reserve Subvote	43	5002	All Items	2,915.0	204.3	3,119.3	2,347.5	0	2,347.5	75.3%
	MoCM - Cooperative Development Subvote	24	4001	All Items	4,294.4	70.0	4,364.4	1,883.4	0	1,883.4	43.2%
	MoCM - Marketing Development Subvote	24	4002	All Items	692.8	28.3	721.1	196.7	16.1	212.9	29.5%
	MoWLD - Livestock Research and Training Subvote	49	1004	All Items	1,096.0	1,289.1	2,385.0	467.2	245.0	712.2	29.9%
	MoWLD - Veterinary Services Subvote	49	7001	All Items	1,406.0	344.3	1,750.3	331.1	281.7	612.9	35.0%
MoWLD - Animal Production Subvote	49	8001	All Items	1,519.5	389.0	1,908.5	491.6	234.9	726.5	38.1%	
Total					28,507	14,869	43,375	12,996.5	7,489.6	20,486.1	47.2%
Education:	Priority Items - Basic Education:										
	Subvention to Local Authorities - District & Urban Council (education) 1/	70-89+ 95	1001	281101+ 281102+ 341101+ 341102	35,257	166,983	202,240	26,592.8	93,080.7	119,673.5	59.2%
	Examination expenses under RAS budget (Regions)	70-89+ 95	2004	260207	728	-	728	485.2	-	485.2	66.6%
	Other education expenditure items in the RAS budget (excluding exam. expenses)	70-89+ 95	2004	50 % of All Items (excl. 260207+ 270101)	580	288	868	39.1	32.2	71.4	8.2%
	MOEC - Basic Education Subvote	46	3001	All Items	277	131	408	121.9	62.0	184.0	45.1%
	MOEC - Teacher Education Subvote	46	5001	All Items	2,104	2,807	4,911	1,073.1	1,959.5	3,032.6	61.8%
	MOEC - Inspectorate Subvote	46	2002	75% of All Items	983	1,710	2,693	262.2	473.0	735.2	27.3%
	Subvention to Institute of Adult Education	46	2001	280118	145	707	852	406.9	-	406.9	47.8%
	Subvention to National Examination Council (STD VII exam. Expenses)	46	1001	280510	1,032	310	1,342	2,103.0	-	2,103.0	156.7%
	Teacher's Service Commission (75%)	67	1001	75% of All Items	813	766	1,579	374.5	386.3	760.8	48.2%
	Total					41,919	173,702	215,621	31,458.6	95,993.7	127,452.4

Annex B (contd)

Sector	Description of Priority Items	Vote	Subvote No.	GFS Item	2003/04 OC Estimate	2003/04 PE Estimate	2003/04 Recurrent Estimate	Cumulative FQ 1 - 2 OC Actual	Cumulative FQ 1 - 2 PE Actual	Cumulative FQ 1 - 2 Total Recurrent Actual	Cumulative FQ 1 - 2 actual as % of 2003/04 budget
Health	Subvention to Local Authorities - District & Urban Council (health) 1/	70-89+ 95	1001	281201+ 281202+ 341201+ 341202 less 260409	14,417	34,439	48,856	10,874.1	19,197.2	30,071.3	61.6%
	Preventive Service Subvote in RASbudget (Regions)	70-89+ 95	3002	All Items (less 260409)	139	171	310	64.2	49.9	114.1	36.8%
	Local Authorities drugs (kits) allocation budgeted under MoH	52	2001	260402	15,000	-	15,000	9,778.8	-	9,778.8	65.2%
	MoH Preventive Service Subvote	52	3001	All Items (less 260409)	14,789	398	15,187	3,377.2	154.2	3,531.4	23.3%
	Total				44,345	35,008	79,353	24,094.3	19,401.3	43,495.6	54.8%
Water	Priority Items - Rural Water:										
	Subvention to Local Authorities - District & Urban Council (water) 1/	70-89+ 95	1001	281401+ 281402+ 341401+ 341402	5181	2812	7,993	3,907.8	1,567.5	5,475.3	68.5%
	Water schemes maintenance expenses under RASbudget (Regions)	70-89+ 95		270101	7	-	7	0.8	-	0.8	11.3%
	Other water expenditure items in the RASbudget (excluding maintenance expenses)	70-89+ 95	2004	16.6 % of All Items (excl.260207+ 270101)	77	-	77	13.0	10.7	23.7	30.8%
	MoWLD - Rural Water Supply Subvote	49	4001	All Items	2066	413	2,479	1,030.2	403.7	1,433.9	57.8%
Total				7331	3225	10,556	4,951.8	1,981.9	6,933.7	65.7%	

Sector	Description of Priority Items	Vote	Subvote No.	GFS Item	2003/04 OC Estimate	2003/04 PE Estimate	2003/04 Recurrent Estimate	Cumulative FQ 1 - 2 OC Actual	Cumulative FQ 1 - 2 PE Actual	Cumulative FQ 1 - 2 Total Recurrent Actual	Cumulative FQ 1 - 2 actual as % of 2003/04 budget
Roads	Priority Items - Rural Roads:										
	Subvention to Local Authorities - District & Urban Council (roads) 1/	70-89+ 95	1001	281301+ 281302+ 341301+ 341302	2,513	1,795	4,308	1,895.4	1,000.6	2,896.02	67.2%
	Roads Fund budgeted for Local Authorities under PORALG	56	2001	280605	20,494	-	20,494	9,606.6	-	9,606.6	46.9%
	MoW - Rural Roads Subvote	47	7001	All Items	1,133	130	1,263	490.9	45.4	536.3	42.5%
	Total				24,140	1,925	26,065	11,992.9	1,045.9	13,038.8	50.0%
Judiciary:	Priority Items - Judiciary:										
	Judiciary Service Board Expenses under RAS budget (Regions)	70-89+ 95	1001	280818	55	-	55	5.0	-	5.0	9.1%
	Judiciary Department	40	All Subvotes	All Items	10,602	5,672	16,274	4,112.7	2,983.0	7,095.7	43.6%
	MoCA	41	All Subvotes	All Items	4,026	552	4,578	1,934.5	309.5	2,244.0	49.0%
	Commission for Human Rights & Good Governance	55	All Subvotes	All Items	1,732	276	2,008	300.9	58.5	359.4	17.9%
	Law Reform Commission	59	All Subvotes	All Items	417	66	483	273.7	38.4	312.1	64.6%
	Industrial Court of Tanzania	60	All Subvotes	All Items	387	65	452	226.7	21.1	247.8	54.8%
	Commercial Court	64	All Subvotes	All Items	541	46	587	218.1	10.2	228.2	38.9%
	Land Court	90	All Subvotes	All Items	433	28	461	159.5	8.1	167.6	36.4%
	Total				18,193	6,705	24,898	7,231.1	3,428.7	10,659.9	42.8%
HIV/AIDS	Priority Items - HIV/AIDS										
	Subvention to Local Authorities - District & Urban Council (HIV/AIDS) 1/	70-89+ 95	1001	260409 of 281200	433	-	433	326.6	-	326.6	75.4%
	Preventive Service Subvote in RAS budget (Regions)	70-89+ 95	3002	260409	4	-	4	2.6	-	2.6	65.2%
	MoH Preventive Service Subvote	52	3001	260409	2,500	-	2,500	724.6	-	724.6	29.0%
	Tanzania Commission for AIDS	92	All Subvotes	All Items	3,852	443	4,295	1,100.2	72.6	1,172.8	27.3%
	Other Ministries and Departments	20-69+ 90-91	All Subvotes	260409	855	-	855	54.7	-	54.7	6.4%
Total				7,644	443	8,087	2,208.7	72.6	2,281.3	28.2%	
Total priority items recurrent expenditure					172,079	235,876	407,955	94,934	129,414	224,348	55.0%

Notes:

1/ Subventions to Local Authorities are recorded as per exchequer issues apportioned by each sector's budget estimate

Abbreviations:

MoAFS: Ministry of Agriculture and Food Security
 MoCM: Ministry of Cooperative and Marketing
 MoEC: Ministry of Education and Culture
 MoH: Ministry of Health
 MoW: Ministry of Works
 MoWLD: Ministry of Water and Livestock Development
 PORALG: President's Office - Reg. Adm. and Local Govt.